



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

June 27, 2014

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From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

SACRAMENTO UPDATE - PROPOSED 2014 WATER BOND

Executive Summary

This memorandum provides an update on the latest efforts to develop a proposal to place a revised water bond measure on the November 4, 2014 State General Election ballot.

Background

The Legislature is currently considering proposals to repeal the provisions of the previously approved 2014 Water Bond measure and would, instead, replace it with a reduced bond measure with updated priorities to increase the sustainability of California's water system.

The deadline for the Legislature to pass, and the Governor to sign a new water bond for placement on the November 4, 2014 State General Election ballot was June 26, 2014; however, an agreement was not reached, but they are working towards a resolution by the week of June 30, 2014.

In recent days, **SB 848 (Wolk)**, the Safe Drinking Water, Water Quality, and Water Supply Action of 2014 has emerged as the front runner to replace the water bond bill currently on the November 2014 ballot. An outline of SB 848's \$10.5 billion funding allocations (as drafted on June 23, 2014) is included in Attachment I.

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On June 23, 2014, the Senate considered SB 848 but the vote on the bill's urgency clause failed passage by a vote of 22 to 9, falling five votes short of the required two-thirds threshold. The measure was granted reconsideration.

Republicans who spoke in opposition to the bill noted that a compromise would need to ensure more funding for water storage, conveyance and protection of water rights.

In comments during the Senate Floor debate, Senate President Pro Tem Darrell Steinberg said he intended to continue negotiations on the water bond and take action before the Legislature goes on summer recess on July 3, 2014. He also noted that failure to advance SB 848 out of the Senate would most likely invite Governor Brown to introduce his own set of priorities for a revised water bond.

Governor Brown's Water Action Plan Financing Act of 2014

On June 24, 2014, the Governor began meeting with Senator Steinberg, Assembly Speaker Atkins, Senator Bob Huff, and Assemblymember Connie Conway to lay out his priorities for the water bond.

According to the Sacramento advocates and the Department of Public Works, the Governor has indicated that he would support a water bond proposal that is based on his California Water Action Plan, which identifies key actions for the next one to five years that address urgent needs and provide the foundation for the sustainable management of California's water resources. The following is an **unofficial outline** of the Governor's water bond proposal.

1) Water Quality and Water Supply Reliability - \$1.5 billion

- Drought management (DWR, DFW, SWRCB)
- Prevent and reduce groundwater contaminants and provide sustainable groundwater management support (technical assistance and planning grants for locals)
- Provide clean, safe and reliable drinking water to all Californians (with minimum to leverage Federal funds for safe drinking water and clean water programs)
- Integrated regional water management (with minimum for direct expenditure for disadvantaged communities)

- Water conservation, wastewater treatment, water recycling and stormwater capture.

2) Watershed Protection, Watershed Ecosystem Restoration, State Settlements - \$1.5 billion

- For water-related habitat and water quality in watersheds and for state settlement obligations including CVPIA

3) Storage - \$2.0 billion

- For water storage projects continuously appropriated

4) Sacramento - San Joaquin Delta - \$500.0 million

- For Delta levee subvention programs/delta flood protection projects/ecosystem restoration and science related to the Delta Plan and Delta Reform Act

5) Statewide Flood Management - \$500.0 million

- Statewide flood management projects and activities

6) General Provisions

- Funding eligibility requires urban or agricultural water management plans and compliance with 2009 Water Conservation Act
- Bay Delta Conservation Plan neutral
- Protects existing water rights and reaffirms area of origin protections

Funding Opportunities for Local Water Resources and Stormwater Management Projects

The Department of Public Works (DPW) has been monitoring and analyzing the various water bond bills as they have advanced through committee hearings, including SB 848.

Each Supervisor
June 27, 2014
Page 4

While the water bond bills differ in both the total amount of the bond that would be issued as well as the amounts for each different policy area, DPW has noted funding opportunities (grants and loans) to finance local water resources and stormwater management project in the following general categories: water quality, groundwater sustainability, safe drinking water, watershed protection, integrated regional water management, water recycling, conservation, Delta sustainability, statewide storage, and local and regional storage. Many of the bills would give priority to projects that serve disadvantaged communities with limited financial resources to address public health hazards.

Conclusion

Having reached the June 26, 2014 Legislative deadline to repeal the current water bond and substitute it with a new bond measure, as well as the failure of SB 848 to advance out of the Senate on June 23, 2014 and the Governor's recent announcement, this office expects to see stepped up efforts by Legislative Leaders to continue negotiations in an attempt to reach a consensus on a water bill before the Legislature adjourns for its summer recess on July 3, 2014.

The Department of Public Works and this office will continue to monitor discussions about the water bond and evaluate its proposed funding categories and allocations in terms of the specific characteristics and needs of the Los Angeles region. Specifically, the bond measure will be evaluated to ensure that it is consistent with existing Board-approved water supply principals that are included in our 2013-14 State Legislative Agenda to advocate for proposals which would increase the reliability of State and local water supplies with appropriate infrastructure and equitable funding levels (Attachment II).

This office and the Department of Public Works will report on any new water bond proposals as details become available.

We will continue to keep you advised.

WTF:RA
MR:VE:AO:ma

Attachments

c: All Department Heads
Legislative Strategist

SB 848 (Wolk) - Safe Drinking Water, Water Quality, and Water Supply Act of 2014

SB 848 (Wolk), which as amended on June 10, 2014, would repeal the provisions of the current Water Bond measure and would, instead, enact the Safe Drinking Water, Water Quality, and Water Supply Act of 2014, which if adopted by the voters, would authorize the issuance of \$10.5 billion in State general obligation bonds to finance a safe drinking water, water quality, and water supply program. SB 848 would also authorize the Legislature to appropriate any unencumbered proceeds of several water bonds, previously approved by voters, for prescribed purposes as described in the Safe Drinking Water, Water Quality, and Water Supply Act of 2014. SB 848 is an urgency measure and would be effective immediately if signed by the Governor.

Specifically, the bill would provide funding for:

- 1) Safe Drinking Water - \$3.02 billion;
- 2) Water Quality - \$3.18 billion;
- 3) Sacramento San Joaquin Delta - \$1.3 billion; and
- 4) Statewide Water System Operational Improvements for Drought Preparedness - \$3.0 billion;

SB 848 also contains a provision which would prohibit bond funds from being expended to pay costs associated with design, construction, operation, maintenance, or mitigation of new Delta conveyance facilities (i.e., the tunnels proposed by the Bay Delta Conservation Plan).

WATER SUPPLY POLICY AND PRINCIPLES¹

Los Angeles County supports the passage of water supply legislation in the Special Session to increase the reliability of State and local water supplies with appropriate infrastructure and equitable funding levels. Consistent with this policy, the County supports the following principles:

- **Local Water Reliability and Conservation:** Preserve existing supplies and promote local supply reliability and conservation through various approaches including recycling and groundwater recharge.
- **Protection and Improvement of Water Quality:** Protect and improve water quality including drinking water, groundwater, and urban storm water management.
- **New Water Supplies:** Create new water supplies using a variety of approaches including preservation of water by recycling, enhanced storage capacity through seismic retrofit of existing structures and increased utilization of spreading grounds and debris basins.
- **Conveyance and Local Storage:** Provide a reliable statewide conveyance and local storage system to deliver water supplies to Southern California.
- **Bond Funding and Appropriations:** Authorize a significant level of water supply bond funding and appropriations consistent with the above principles.
- **Equitable Allocation Criteria for Regional Projects:** Allocate competitive grant funds primarily on the basis of population to State-recognized Integrated Regional Water Management regions.

¹ Adopted in October 2007 (Currently Policy 2.6.10 of the Board Adopted 2013-14 State Legislative Agenda).